

ALG Minutes Jan 12, 2012 final

Present: Bart Wendell, facilitator; Mike Gowing, BoS; Xuan Kong, (John Petersen by remote) SC; Doug Tindal, Pat Clifford, FC; Dore Hunter, Minuteman Tech; Steve Ledoux, Steve Mills, John Murray and Don Aicardi, staff.

Absent: Pam Harting-Barat, BoS.

Audience: Janet Adachi, BoS; Dennis Bruce, SC; Clint Seward, FC; Charlie Kadlec, Dick Calandrella and Bob Ingram AVG.

Minutes were approved.

2. Review FY 13 plan—and reach consensus on: 1. Revenue assumptions 2. Expense assumptions and split 3. OPEB 4. Revenue use

Extra Info: ALG plan & John Murray's Straw Man sheet

Don went through the changes on the ALG plan from the last meeting

There have been changes in the APS & Acton's share of AB as the preliminary budgets were prepared

There has been a \$27k increase in Minuteman; a \$22k change in the tax levy

Two things were added: \$29k for Acton's share in the Trades Hall renovation project (at Minutemen); OPEB pages with APs & AB numbers---as was requested last meeting.

J Murray presented his "straw man" sheet as a possible means to get to a consensus—he noted time was short. The sheet assumes revenues---tax to capacity; assumes spending as proposed. If in the future we find the local aid increases---the excess will increase the payment to OPEB or lower the use of reserves. If the shortfall is less than \$500k it will be made up from the operating budget. If it is greater than \$500k, come back to ALG.

Expense changes: the savings from HIT should go the OPEB which will make OPEB greater for FY 13. If items (articles &/or budget lines) are reduced or withdrawn---that will go to lowering the reserve usage. The format was opened for discussion.

Pat C. what are the numbers that you are carrying for transportation & nursing

Ans: \$246k for transportation; \$600k for nursing--\$200k for this year, \$400k for next

Bart: where is the split assumption?

Ans. There is no calculation for the split---the SM is using proposed budgets

Pat C: Has the HIT group looked at the OPEB & the use of their funds for the OPEB?

Steve. L: we have an informal working group looking into the future of the unfunded OPEB---it has been productive. We are sending some of the statistics to the actuary.

JP (from afar) can we do a year swap?

Steve: no FY 12 is nearly over and FY 13 will depend on the union contracts

JM: BoS has a final budget date on Feb 2 [when they have to get it to the FC] we need to make decisions unless we make use of a future (additional) meeting

Pat C: the FC has not spent any time on the school budget

J. Petersen: what is the best way for the schools to get their budget to the FC---I did not like the discussion last year---when would the FC be ready to have a higher level discussion of the school budget?

Doug T: I think the sense of the FC is to have a delegation do a “shirt-sleeve” review to get through the budget. It was just too cumbersome with everyone in the room.

Mike: we lost an ALG meeting---we had to make up for the delay in the certification. We have not heard about any of the big---push-back issues OPEB is the biggest. The schools have not done their budget until budget Saturday on the 28th make any great differences?

Doug: the FC has already added an extra meeting on Feb 7th. For us it is a matter of getting time a to get together with the schools

S. Mills: we would be glad to come to the FC & go over the budget---in reality we have built our budget on the use of \$2M of reserves [not the \$1.5M proposed by the FC] I think our budgets are reasonable @4% increase---OPEB is a problem for both sides. We have the use of more reserves---in event that things get better [Ch 70/local aid] we will use less of the reserves. The Governor has always given more of the state aid to the schools. I think his numbers will exceed our assumptions. The piece about the ball field has \$3/4M from schools; CPC money fund raising --it is built into the FY 13 budget.

There seemed to be a general agreement among the staff that the Gov’s budget would be better than expected. Doug Tindal said he had just heard a newscast in which author is saying that the state budget will contain cuts and was not likely to be much better. He was a bit disappointed that the FC recommendation for \$1.5M use of reserves had crept up to \$2.5M

J Murray disagreed and said that the effective gap was only \$1.1M

Doug: The FC has not had a chance to scrub the school budget. We have done so on the Town side with open issues relating to nursing, transportation and renovations. We sense that nursing is a failed program and getting worse. We are well aware that many feel that the nursing service is an asset and in the past we kept on saying “just one more year” Whatever happens we cannot just let it go [as is] for one more year. We need to set a limit of X \$ and when that it reached cut the losses. If people are satisfied that they can turn it around through restructuring or marketing we need to get professionals to do the marketing. The FC will want to see what the structure [for a turnaround] will be. Another bleeder is transportation.

Xuan: the school budget has not been approved. It has two components: level service budget and investment budget. Level service budget embedded costs-savings identified by the administration. We need to maintain services but Acton has a larger portion of the AB students that will increase the portion of the AB assessment. The \$2.6M reserve use requirements reflects one-time charges: \$600k nursing; \$200+k transportation and \$275k for the lower field. We are not saying we not support these things but they should be considered separately from on-going operating budget. The AB community does recognize the OPEB obligation---but does not want to put a lot of money into OPEB the first year

Mike: we have assumed a \$500k for OPEB & it is a part of our budget

J. Petersen: we are in the process of organizing talks on OPEB. AB side is independent of what we need---we think we should set up an account & make it a recurring expense---regardless of the source.

Pat C: The idea behind the OPEB schedule not unlike having the 10% cut in state aid 2. You went ahead taking \$2M from reserves without OPEB---this will not wash with the FC. You seem to be waiting for House I and MMA

meeting [where the Gov will speak] & moving closer to the cliff's edge. You need to take the process from here [ALG] & take it back to committees.

Doug: are there other wild cards out here we do not know about?

J. Murray: local tax collection is 99.4% rather than the 99.8% of previous years—so that's not an issue. In the next six months we will see if FY 13 is to be a rebound year. Excise tax is due in March---that will be a big part of our revenues [he expects increases] ---there does not seem to be a cut5 planned for local aid

Don A: We will not know the level of Ch 70 until House I but the Gov has supported education in the past....

JM: receivables---good year in tax collection; we will not know the total until the excise tax receipts; good year for snow & ice—I truly believe that we have a conservative position for revenues.

Don: we need a proposal from ALG if revenues get better; reserve use will decrease

Doug wanted to know about the potential downsides of the current estimates for the revenue.

Steve & John reported that snow & ice could still be a wildcard—but they will try to absorb it in the operating budget & not go to reserves; nursing is also a wildcard again the hope is not to dip into reserves.

Doug: It appears that the budget is prudently conservative ---the issue is nursing---short of that we may be all right.

J Petersen: there seems to be a concern that the Sc is not being responsive to revenue use of the ALG plan's gaps. The SDC is happy with this [current] budget. We are ok with this level of reserves---we are unhappy that the needs of the schools have not been met. We feel strongly that OPEB & nursing can be “kicked down the road”. This could lead to a pointed resolution about nursing service.....

Pat C: The FC does not know what's going on in the schools. We have heard nothing about SPED or circuit breakers cutting costs or any scrubbing. You have not addressed the gap at all

Bart: the straw man is not on the agenda & it is not likely that we will clear up the four points tonight. The school budget has yet to be reviewed & the FC has not voted.

Is it possible to get everyone to agree to the assumptions [on the straw man]? Silence. Shall this document go back to the boards? Can this document be a place to start? A bit more silence

The FC went back to their original position on the use of reserves and not take OPEB from reserves

Doug: The FC's concern is that it isn't \$500k flat for future years. That's just the first --we still have to step up that number over the next several years. How can that schedule be rationalized each year

Mike noted that the savings from HIT would flow to OPEB and the losses on the out years not as great

There was a general discussion on what funds should come from where & if the straw man should be part of the discussion.

Since the schools have not had their budget day, the FC is not ready to agree to the assumptions in the document & any formal presentation needs to be held back until after the 28th—date of the SC budget session.

Xuan suggested that he take the straw man to budget Saturday for an agreement. “The \$1.5M use of reserves is the FC' view---I do not think we have consensus on this. In November 2011, APS talked about and had a consensus on

taxing to the max and \$2M in reserves. At that time the school committee did not have enough information on OPEB & if it should be funded this year.

Doug: It's true that the FC had been going along with the reserve use of \$2M per year. But if we look at the present ALG spreadsheet and look ahead to the next two years (four & five) the numbers really get ugly. So, the FC changed direction---we are not happy with the \$2M figure. We see that the numbers are not good & in the long range we will burn up our reserves and have to go for an override. We need to gain control & cut down on our expenses. NESWC is half gone. Our initial vote was to fund OPEB at \$1M. We are near the edge of a cliff and the only place to go is back to the budgets [for more cuts/scrubbing]

Bart: What do we do with this document?---we do not have an agreement on its use...

Pat C. The only solution is to take it back to the committees---the schools should meet with the FC on the 24th so they have something for the 26th. This should not come as a surprise---the FC has been working on it all fall. The Town has done the scrubbing---we now have to clear up the school's role.

Doug suggested that a "dream team" be developed and the smaller group deal with the issues. That idea was not accepted.

Bart: can the FC work with the SC on the four items and come to a consensus.

Again there was a general discussion of the press of time---the town's budget is due to the FC on Feb, 2 and the fact that the SC had yet to approve a budget & the dates of the meetings for the selectmen & FinCom were such that decisions needed to be made on the 26th. John Petersen noted that the SC could approve a budget and always amend it downward. The idea of having a meeting---if necessary on Jan. 28th was discussed.

Mike said that the big push backs---nursing, transportation & lower field could be dropped for the short term and look to the operating budgets so that the boards can concentrate on an OPEB consensus.

Doug reiterated the FC position that the budgets as they now stand are not sustainable.

3. Regionalization Committee Update

Xuan gave an update on the study committee's progress. Everyone was invited to attend the Feb 2nd presentation to the school committee

4. Minuteman

Dore reported that not much progress had been made on getting the 16 towns to agree to a capital program. There have been emergency meetings and sub-groups formed. However, in order to open in September \$595k was spent on refurbishing the Trade Halls. Acton's portion is \$27k

J. Murray stated that Town Meeting is April 2nd, warrant goes to press on March 15th. In order to make it a useful document the boards have to put in their recommendations for the articles & the ALG plan needs to pass consensus.

Bart asked if another meeting was necessary. Jan 26th was suggested as a date to hold. Bart cannot make Feb. 9. That meeting was changed to Jan 30th

The meeting on the 26th is not yet set---if new info on state aid is available the meeting will take place.

5. Public

Mr. Kadlec asked if the costs for the union contracts were included in the operating budget

Steve L. said they would be warrant articles. There is a highway agreement but police are in arbitration and asking for 6, 6 & 6.

Bart noted that the perception of people is that the ALG is having the same meeting over & over again. That we are slugging through and it is necessary to prevent misunderstandings, but even more important not to go away with hard feelings.

Adjourned @ 6:45

Ann Chang

Next meeting---possibly on the 26th definitely on Feb 2.